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**BEFORE THE ARIZONA CORPORATI**

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**BOB STUMP, Chairman****GARY PIERCE****BRENDA BURNS****BOB BURNS****SUSAN BITTER SMITH**AZ CORP COMMISSION  
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ORIGINAL

IN THE MATTER OF REORGANIZATION ) DOCKET NO. E-04230A-14-0011  
 OF UNS ENERGY CORPORATION ) DOCKET NO. E-01933A-14-0011  
 )  
 ) NOTICE OF FILING DIRECT  
 ) TESTIMONY ON BEHALF OF NOBLE  
 ) AMERICAS ENERGY SOLUTIONS LLC

Noble Americas Energy Solutions LLC ("Noble Solutions") hereby provides notice of filing  
 of the Prepared Direct Testimony of Greg Bass on behalf of Noble Solutions in the above-docketed  
 proceedings.

Dated this 29<sup>th</sup> day of April 2014.

Respectfully submitted,

Lawrence V. Robertson, Jr.

Attorney for Noble Americas Energy Solutions LLC

The original and thirteen (13) copies  
 of the foregoing will be filed  
 the 30<sup>th</sup> day of April 2014 with:

Docket Control Division  
 Arizona Corporation Commission  
 1200 West Washington Street  
 Phoenix, Arizona 85007

A copy of the same served by e-mail  
 or first class mail that same date to:

Arizona Corporation Commission

DOCKETED

APR 30 2014

DOCKETED BY

1 Lyn A. Farmer, Chief Administrative Law Judge  
Hearing Division  
2 Arizona Corporation Commission  
1200 West Washington Street  
3 Phoenix, Arizona 85007  
4 Jane L. Rodda, Administrative Law Judge  
Hearing Division  
5 Arizona Corporation Commission  
400 West Congress, Suite 218  
6 Tucson, Arizona 85701  
7 Bradley Carroll  
8 UNS Energy Corporation  
88 E. Broadway Blvd  
9 MS HQE910  
P.O. Box 711  
10 Tucson, AZ 85702  
11 Michael W. Patten  
Roshka DeWulf & Patten, PLC  
12 One Arizona Center  
100 East Van Buren Street, Suite 800  
13 Phoenix, AZ 85004  
Attorneys for UNS Energy Corporation  
14 Patricia Lee Refo  
15 Snell & Wilmer, LLP  
One Arizona Center  
16 400 East Van Buren Street, Suite 1900  
Phoenix, AZ 85004  
17 Attorneys for Fortis Inc.  
18 Daniel W. Pozefsky  
Chief Counsel  
19 Residential Utility Consumer Office  
20 1110 West Washington, Suite 220  
Phoenix, AZ 85007  
21 C. Webb Crockett  
22 Patrick J. Black  
Fennemore Craig, PC  
23 2394 E. Camelback Road, Suite 600  
Phoenix, AZ 85016-3429  
24 Attorneys for Freeport-McMoRan and AECC  
25 Thomas L. Mumaw  
26 Melissa Krueger  
Pinnacle West Capital Corporation  
27 P.O. Box 53999, MS 8695  
Phoenix, Arizona 85072-3999  
28

Meghan H. Grabel  
Arizona Public Service Company  
P. O. Box 53999, MS 9708  
Phoenix, Arizona 85072-3999

Cynthia Zwick  
Arizona Community Action Association  
2700 N 3rd St. Suite 3040  
Phoenix, AZ 85004

Nicholas J. Enoch  
Jarrett J. Haskovec  
Lubin & Enoch, PC  
349 North Fourth Ave  
Phoenix, Arizona 85003  
Attorneys for IBEW Locals 387, 769 and 1116

Timothy M. Hogan  
Arizona Center for Law in the Public Interest  
202 E. McDowell Road, Suite 153  
Phoenix, AZ 85004  
Attorneys for SWEEP

Jeff Schlegel  
SWEEP Arizona Representative  
1167 W. Samalayuca Dr.  
Tucson, AZ 85704-3224

Michael M. Grant  
Jennifer A. Cranston  
GALLAGHER & KENNEDY, PA  
2575 East Camelback Road  
Phoenix, AZ 85016-9225  
Attorneys for AIC

Gary Yaquinto, President & CEO  
Arizona Investment Council  
2100 North Central Avenue, Suite 210  
Phoenix, AZ 85004

Michael A. Curtis  
William P. Sullivan  
Larry K. Udall  
Curtis, Goodwin, Sullivan, Udall  
& Schwabb, PLC  
501 East Thomas Road  
Phoenix, AZ 85012  
Attorneys for MEC

LAWRENCE V. ROBERTSON, JR.  
ATTORNEY AT LAW  
P. O. Box 1448  
Tubac, Arizona 85646


1 Charles R. Moore  
Navopache Electric Cooperative  
2 1878 West White Mountain Boulevard  
1878 west White Mountain Boulevard  
3 Lakeside, AZ 85929

4  
5 Peggy Gillman  
Manager of Public Affairs and Energy Services  
Mohave Electric Cooperative, Inc.  
6 PO Box 1045  
Bullhead City, AZ 86430  
7

8 Joe L. Machado  
9 Michael J. Massee  
City Attorney's Office  
10 777 N. Grand Avenue  
Nogales, AZ 85621  
11

12 Court S. Rich  
Rose Law Group pc  
13 6613 N. Scottsdale Road, Suite 200  
Scottsdale, Arizona 85250  
14 Attorneys for TASC

15  
16 Christopher Hitchcock  
Law Offices of Christopher Hitchcock  
P.O. Box AT  
17 Bisbee, AZ 85603-01 15  
18 Attorney for SSVEC

19  
20   
21 \_\_\_\_\_

Jack Blair  
Sulphur Springs Valley  
Electric Cooperative, Inc.  
311 E. Wilcox Drive  
Sierra Vista, AZ 85635-2527

Garry D. Hays  
Law Offices of Garry D. Hays  
1702 East Highland Avenue, Suite 204  
Phoenix, AZ 85016  
Attorneys for ASDA

Giancarlo G. Estrada  
Estrada-Legal, PC  
One East Camelback Road, Suite 550  
Phoenix, AZ 85012  
Attorney for SEIA

Janice Alward, Chief Counsel  
Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Steven Olea, Director  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

COASH & COASH, INC.  
COURT REPORTING  
1802 N. 7<sup>th</sup> Street,  
Phoenix, AZ 85006

DIRECT TESTIMONY

OF

GREG BASS

ON BEHALF OF NOBLE AMERICAS ENERGY SOLUTIONS LLC

DOCKET NO. E-04230A-14-0011

DOCKET NO. E-01933A-14-0011

**Q.1 Please state your name, business affiliation and business address.**

**A.1** My name is Greg Bass. I am Director of Retail Market Operations for Noble Americas Energy Solutions LLC ("Noble Solutions"), a retail energy service provider ("Supplier") serving retail end-use commercial and industrial customers throughout the United States of America and Mexico since 1999. My business address is 401 West A St., Suite 500, San Diego, California 92101.

**Q.2 Please summarize your professional background and experience.**

**A.2** I have been in the energy business since 1991 and have been working for Noble Solutions since 2000. Noble Solutions was previously known as Sempra Energy Solutions, LLC ("SES"). For my first 10 years, I worked for PacifiCorp in Portland, Oregon and Southern California Edison Company in Los Angeles, California. My professional background is in regulatory and legislative affairs. For Noble Solutions I have been involved in retail operations, retail licensing, and utility certification and set-up as well as my current role of responsibility for regulatory and legislative affairs for the West. My full resume is attached hereto as Exhibit GRB-1.

**Q.3 Have you previously testified before the Commission?**

**A.3** Yes. I provided testimony in Docket Number E-01933A-07-0401, a Tucson Electric Power Company rate case proceeding, in which I testified upon behalf of SES.

1  
2 **Q.4 Please describe Noble Solutions and the nature of the various products and services**  
3 **which it offers.**

4 A.4 Noble Solutions is 100% owned by Noble Americas Gas & Power LLC, ("Noble  
5 Americas"), which in turn is 100% owned by Noble Group Ltd. ("Noble Group"). Noble  
6 Group is a market-leading global supply chain manager of agricultural and energy  
7 products, metals and minerals. Noble Group is listed in Singapore (SGX: N21), with  
8 headquarters in Hong Kong and operates from over 140 locations. Noble Group is ranked  
9 number 76 in the 2013 Fortune 500 list of companies. Noble Solutions offers a suite of  
10 commodity products and commodity services structured to meet the unique needs of energy  
11 users and to capture the benefits of choice at the retail level of electricity and natural gas  
12 consumption. These commodity products include fixed price, index price and renewable  
13 energy, and commodity services include Powerfolio 3D, Online Energy Analyzer and  
14 market reports. At present, Noble Solutions serves commercial and industrial customers  
15 and institutions of higher learning in (i) the states of California, Connecticut, Delaware,  
16 Illinois, Maine, Maryland, Massachusetts, Michigan, Nevada, New Hampshire, New  
17 Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island and Texas, (ii) the District of  
18 Columbia and (iii) also in Baja California, Mexico. In addition, Noble Solutions was  
19 nominated by the Texas Public Utilities Commission to act as a provider of last resort, a  
20 quasi-regulator service, for a number of years.

21  
22 **Q.5 Does Noble Solutions currently conduct any business within the State of Arizona; and,**  
23 **if so, what is the nature of such business(es)?**

24 A.5 Yes. Noble Solutions is currently providing electric service to one (1) customer in the  
25 service area of Arizona Public Service Company ("APS") pursuant to APS' Experimental  
26 Rate Service Rider Schedule AG-1 ("Rate Schedule AG-1"), which was approved by the  
27 Commission in its Decision No. 73183.  
28

**Q.6 What is the nature of Rate Schedule AG-1?**

A.6 APS' Rate Schedule AG-1 is a four year program with a buy-through rate for large commercial and industrial customers offered as an option to standard generation service that gives larger customers greater control over their energy costs. This program was developed in response to customer input preceding and during APS' last rate case, and allows Generation Service Providers ("GSP") to provide wholesale power to APS on behalf of specific customers. Under Rate Schedule AG-1, APS purchases and manages generation service on behalf of the participating customer for a management fee of \$.0006 per Kwh. The program is "capped" at 200 MW, and participating customers must be able to aggregate into a 10 MW group.

**Q.7 Was Rate Schedule AG-1 included among the provisions of the Settlement Agreement in APS' last rate case, which was approved by the Commission in Decision No. 73183?**

A.7 Yes. In that regard, in connection with its consideration of Rate Schedule AG-1, the Commission made the following observations:

"The Joint Signatories believe that the proposed Alternative Generation Rate Schedule ("AG-1") provides APS' large customers increased flexibility to manage their energy costs by creating an experimental buy-through rate option that will insulate all other customers from any cost shifting. Customers with an aggregated load of at least 10 MW may select a GSP and negotiate a price whereby APS will purchase the power from the GSP in a wholesale transaction and deliver the power to the customer. The program cap of 200 MW and the limited 4 year term will help limit any under-recovery of fixed costs, and APS is also required to take commercially reasonable steps (including maximizing off-system sales) to eliminate or mitigate any unrecovered costs resulting from the program. The Commission retains the ability to decide whether and how any unrecovered costs should be recognized in APS' next rate case. [Decision No. 73183 at page 30, lines 2-11]

**Q.8 Is Rate Schedule AG-1 different from retail electric competition?**

A.8 Yes. In fact, the Commission specifically addressed that question in Decision No. 73183:

1 "As explained by Noble/Constellation/Direct/Shell witness Lynch, the  
2 electric service provided under proposed rate schedule AG-1 differs from  
3 retail electric competition in that 'the GSP will transfer title to the  
4 electricity the GSP bought, at the direction of an eligible Rate Schedule  
5 AG-1 customer, to APS at a delivery point outside of APS' network  
6 delivery' and 'APS remains the load serving entity for the retail customer  
7 providing all services, including the generation delivery and billing under  
8 a Commission approved rate schedule.'" [Decision No. 73183 at page 24,  
9 lines 19-25]

10  
11 **Q.9 How was Rate Schedule AG-1 implemented on APS' system?**

12 **A.9** As the Settlement Agreement contemplated, and as the Commission observed in Decision  
13 No. 73183,

14 "A collaborative process will be [and was] used to develop program  
15 guidelines including the customer enrollment process, APS' provision of  
16 imbalance energy, energy scheduling and billing and competitive bidding  
17 processes." [Decision No. 73183 at page 24, lines 17-19]

18 **Q.10 In his January 24, 2014 prepared Direct Testimony in this proceeding, UNS Energy's**  
19 **Chairman and Chief Executive Officer, Paul J. Bonavia, discussed challenges and**  
20 **significant issues which confront UNS Energy and its Arizona utilities in the near**  
21 **future. Among the challenges he cited were (i) a need "to adapt to changes in**  
22 **customers' energy consumption needs and expectations," and (ii) a need "to offer**  
23 **customers a broader array of choices in price and quality of service." Against that**  
24 **background, does Noble Solutions believe that a Rate Schedule AG-1 type of program**  
25 **should be considered by UNS Energy and Fortis as part of a broad-based approach**  
26 **for responding to such near term future challenges?**

27 **A.10** Yes, without a doubt; and, an appropriate setting would be the next rate case(s) for Tucson  
28 Electric Power Company ("TEP") and UNS Electric, Inc. ("UNS Electric"), respectively.  
In that regard, Noble Solutions hopes that the senior management of UNS Energy and  
Fortis would be receptive to such a suggestion, and that they would indicate such  
receptiveness within the context of this proceeding.

1 **Q.11 Why do you believe that an expression of such receptiveness at this point in time**  
2 **would be relevant to this proceeding?**

3 **A.11** Because, as Administrative Law Judge Jane L. Rodda observed in her March 10, 2014  
4 Procedural Order, in determining whether or not to approve the proposed reorganization (or  
5 merger), the Commission has the

6 “. . . overarching obligation imposed by Article 15, § 3 of the Arizona  
7 Constitution, to consider the broad public interest.” [March 10, 2014  
Procedural Order at page 5, lines 20.5 – 22.5]

8 In that regard, the willingness of both UNS Energy and Fortis to consider a Rate Schedule  
9 AG-1 type of program as a possible means for TEP and UNS Electric to address in the near  
10 term future the (i) need to “adapt to changes in customers’ energy consumption needs and  
11 expectations,” and the (ii) need “to offer customers a broader array of choices in price and  
12 quality of service,” would appear to be directly relevant to the question of whether or not  
13 Commission approval of the proposed reorganization (or merger) would in fact be in the  
14 “broad public interest.” In fact, in her March 10, 2014 Procedural Order, Judge Rodda  
15 expressly observed that

16 “. . . the ability of the management of the newly proposed entity to  
17 respond financially and philosophically to changing market conditions is  
18 part of the inquiry into the public interest and within the scope of this  
19 proceeding. . .” [March 10, 2014 Procedural Order at page 5, line 26 –  
page 6, line 2] [emphasis added]

20 **Q.12 As of this point in time, does Noble Solutions have any insight as to whether or not the**  
21 **senior management of UNS Energy and Fortis might be receptive to consideration of**  
22 **a Rate Schedule AG-1 type of program in connection with TEP’s and UNS Electric’s**  
23 **next rate case(s)?**

24 **A.12** Not as of this juncture. Presumably some insight in that regard will be obtained as this  
25 proceeding progresses, including during the settlement discussions that are scheduled to  
26 begin on May 5, 2014. However, we are aware of the existence of programs on Fortis’  
27 Fortis Alberta, Inc and Central Hudson Gas & Electric Corporation subsidiary utility  
28



1 systems which appear to include customer choice options involving third-party service  
2 providers. To the extent Noble Solutions' understanding in that regard is correct, this  
3 would suggest that philosophical receptiveness on the part of Fortis to adapt to "changing  
4 market conditions" in the electric utility industry which we believe is to be desired.

5  
6 **Q.13 How does Noble Solutions perceive itself and the various services it offers vis-à-vis**  
7 **TEP and UNS Electric?**

8 A.13 We believe that Judge Rodda was accurate in her observation in the March 10, 2014  
9 Procedural Order that Noble Solutions could be either

10 "... a potential competitor or business partner with the Arizona Utilities. .  
11 ." [March 10, 2014 Procedural Order at page 5, lines 14-15] [emphasis  
added]

12 Depending upon the circumstances, Noble Solutions could be either. But, in terms of  
13 assisting the Arizona Utilities (or TEP and UNS Electric) in responding to the near term  
14 future challenges of (i) adapting to changes in customers' energy consumption needs and  
15 expectations, and (ii) offering customers a broader array of choices in price and quality of  
16 service, Noble Solutions' believes that programs such as Rate Schedule AG-1 would offer  
17 a meaningful opportunity to "partner."  
18

19 **Q.14 Does Noble Solutions have a position as to whether or not the Commission should**  
20 **approve the proposed reorganization (or merger)?**

21 A.14 Not as of this juncture.  
22

23 **Q.15 Does that complete your Direct Testimony?**

24 A.15 Yes.  
25  
26  
27  
28

# **Exhibit GRB-1**

# **Greg Bass**

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6541 Avenida Mañana, La Jolla, CA  
(858) 638-1514 • greg.bass@earthlink.net

## **PROFESSIONAL SUMMARY**

Director with regulatory and legislative policy experience, including business development and sales experience. Additional responsibilities have included business operations and development and implementation of strategic plans. Background includes:

- Regulatory & legislative strategy and policy
- Regulatory and business negotiation
- Operations plan creation, analysis and implementation
- Representation of legal and business interests
- Regulatory & legal compliance
- Expert witness and sponsor of testimony
- Contract creation and negotiation
- Analysis of regulatory proceedings and decisions

## **EXPERIENCE**

**Noble Americas Energy Solutions (formerly Sempra Energy Solutions), San Diego, California,**  
2000 – current

**Director, Retail Commodities Operations, 2004 – current**

- **Regulatory & Legislative Strategy and Policy:**

Develop and advocate Solutions' regulatory positions in select commission proceedings (state and FERC), hearings and settlement negotiations. This includes ex-parte meetings with commissioners, commission advisors and commission staff in order to educate public policy makers on the impact of their proposed policies on Solutions' business and customers and shape the outcome of public policy decisions in the business interest of Solutions. Manage internal and hire external legal counsel and consultants and direct participation in like minded trade groups.

Develop, advocate and shape the outcome of the legislative process as it impacts Solutions' business. This includes advising corporate legislative resources to lobby state assemblymembers and state senators to shape the language of proposed legislation so as to incorporate both Solutions' business interests as well as Sempra Energy's.

- **Regulatory & Legal Compliance:**

Responsible for the proper implementation and compliance with adopted legislation and regulatory decisions (both state and federal) as they relate to the retail and wholesale commodities business Solutions undertakes. Manage operations, legal, sales, and contracts to ensure compliance.

Create and manage systems and processes that monitor and interact with 13 state regulatory commissions, legislatures and relevant state laws. Manage operational capabilities in order to meet state and federal compliance requirements as it pertains to the commodity aspect of Solutions' business. This includes directing and engaging corporate legal, public affairs and regulatory resources as needed.

- **Regulatory and Business Negotiation, Expert Witness and Sponsor of Testimony:**

As needed, lead a cross-functional team that includes executive management, corporate management, corporate legal, and regulatory counsel in order to develop company policy and take regulatory positions in support of Solutions' business strategy. Lead and direct intervention in select proceedings, sponsor and create testimony, advocate and negotiate preferred public policy outcomes. Support Sales efforts by helping educate customers on service options and regulatory changes that affect their energy purchases.

**Achievements:**

- Directed and lead the Resource Adequacy Capacity strategy for Solutions that included effective participation and advocacy in the commission proceeding as well as development and management of multiple Resource Adequacy RFPs and contract negotiations with merchant generators and investor owned utilities. This successful strategy and effective implementation enabled Solutions to extract an additional \$6 million in gross margin in California for 2006.
- Successfully filed a complaint at FERC regarding PacifiCorp's OATT – saving Solutions over \$750,000 in gross margin.
- Negotiated retail sale agreements with power plants in Texas, creating \$500,000 a year in gross margin.
- Identified Oregon as a business opportunity, participated in the regulatory construct, directed Solutions to act with urgency resulting in over 200 MW of retail load with over \$2 million in gross margin per year.
- Negotiated a settlement with Detroit Edison to resolve an on going FERC dispute regarding provisions of their OATT. Saved Solutions over \$500,000 in gross margin.
- Entrusted with multiple responsibilities including structuring deals, negotiating contracts and terms of agreement, drafting detailed testimony and ensuring compliance with federal and state laws to maintain Solutions' power and gas licenses.

**Manager, Customer Activation, 2000 – 2004**

- Managed the portfolio of 12,000 power and gas customers ensuring that operational requirements and the integrity of the customer set-up information was complete, timely and accurate for billing purposes.
- Trained and directed Portfolio Analysts towards flawless execution.
- Created, developed, and maintained robust and efficient enrollment and customer set-up processes and systems and ensured that these processes and systems were in compliance with industry best practices.
- Created, developed, reviewed, and maintained a system of internal controls surrounding the set-up and activation processes of new customers.
- Managed the on going trading partner and vendor relationships required to be a retail power and gas provider.
- Resolved specific customer level inconsistencies, as they arose, by developing and maintaining key operational relationships both internally and externally.
- Evaluated potential vendors' sales offerings and capabilities, selected vendors that met Solutions' business needs and objectives and negotiated service agreements.

**Achievements:**

- Developed and successfully implemented an ISO 9001 compliant retail supplier mid-office that facilitated over \$350 million in gross margin.
- Negotiated ISDA, NASB and EEI wholesale supply and multiple vendor service contracts, agreements and other enabling documents.
- Awarded the Sempra Energy Chairman's Award in 2003 for business growth and achievement.

**Southern California Edison (SCE), Los Angeles, California, 1997 – 2000****Account Manager III**

- Managed the Electric Service Provider (ESP) relationship with SCE and acted as primary contact for NewEnergy, New West Energy, Enron Energy Services, and Sempra Energy Solutions.
- Communicated SCE's policies and procedures as they affected Electricity Service Providers and the deregulated retail electric marketplace.
- Obtained timely resolution of operational and policy issues in order to maintain high-levels of ESP satisfaction.
- Reviewed, analyzed, proposed and debated operational policies and procedures for national retail electric Uniform Business Practices developed at the Edison Electric Institute's consensus workshops.

**PacifiCorp**, Portland, Oregon, 1991 – 1997

**Senior Pricing Analyst**, 1995 – 1997

**Pricing Analyst**, 1992 – 1995

**Assistant Pricing Analyst**, 1991 – 1992

## **EDUCATION**

**Master of Business Administration, Finance**, 1990, University of San Diego

**Bachelor of Arts, Economics**, 1987, San Diego State University